



U.S. DEPARTMENT OF COMMERCE  
Foreign-Trade Zones Board  
(A32b-3-2011)

Foreign-Trade Zone 45 – Portland, Oregon  
Expansion of Manufacturing Authority  
Epson Portland Inc.  
(Inkjet Ink Manufacturing)  
Hillsboro, Oregon

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the Port of Portland, grantee of FTZ 45, requesting authority to expand the scope of manufacturing authority approved within Subzone 45F, on behalf of Epson Portland, Inc. (EPI), in Hillsboro, Oregon. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR part 400). It was formally filed on December 22, 2011.

Subzone 45F was approved by the Board in 2005 at the EPI plant (16.6 acres) located at 3950 NW Alcock Place, Hillsboro, Oregon (Board Order 1406, 70 FR 55106, 9/20/2005). Activity at the facility (450 employees) includes manufacturing (injection molding, assembly, finishing), warehousing and distribution of inkjet printer cartridges.

The current request, which is being processed under Section 400.32(b)(1) of the Board's regulations, involves the use of privileged foreign (PF) status (19 CFR §146.41) inputs in manufacturing of ink for inkjet printer cartridges. Current production capacity is 9,000 barrels (210 kg per barrel) of ink per year. The finished product would be

either inkjet ink (duty rate - 1.8%) or inkjet printer cartridges (duty-free). New material inputs sourced from abroad (representing 75% of the value of the finished inkjet ink) include potassium hydroxide, surfactants, 1,2 hexanediol, Tri-isopropanolamine, solvents, glycerin, triethylene glycol monobutyl ether, triethylene glycol, adipic acid, emulsifiers, disodium salt dihydrate, printing ink colorants (black, cyan, brown, orange, violet, red green, magenta and other), de-foamers, solublizers, and biocides (duty rates range from duty-free to 6.5%).

This request for restricted FTZ authority would allow EPI to realize certain administrative efficiencies by allowing the admission of its foreign materials for inkjet ink manufacturing in zone status. FTZ procedures could also exempt EPI from customs duty payments on the additional PF status materials used in export production. The company anticipates that some 55 percent of the plant's shipments will be exported, either as finished inkjet ink or in inkjet cartridges. EPI would be able to defer duties on the PF status materials used in production of inkjet ink or inkjet cartridges for its domestic sales. EPI would also be exempt from duty payments on foreign materials that become scrap during the production process. FTZ designation would further allow EPI to realize logistical benefits through the use of weekly customs entry procedures. Customs duties also could possibly be deferred or reduced on foreign status production equipment.

Section 400.32(b)(1)(iii) of the FTZ Board's regulations (15 CFR part 400) allows the Assistant Secretary for Import Administration to act for the Board in making decisions on new manufacturing authority when the zone benefits sought do not involve the election of non-privileged foreign status on items involving inverted tariffs. In

accordance with the Board's regulations, Diane Finver of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings to the Executive Secretary.

Public comment is invited from interested parties. Submissions (original and 3 copies) shall be addressed to the Board's Executive Secretary at the address below.

The closing period for their receipt is ***[insert 30 days from date of publication]***.

Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to ***[insert 45 days from date of publication]***.

A copy of the application will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 2111, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the "Reading Room" section of the Board's website, which is accessible via [www.trade.gov/ftz](http://www.trade.gov/ftz).

It should be noted that the applicant has concurrently requested an expansion of EPI's scope of authority to include manufacturing of inkjet ink involving foreign-sourced inputs that would be admitted to the subzone under nonprivileged foreign (NPF) status (19 CFR §146.42). The request to elect NPF status for expanded authority would be docketed separately and would be processed as a distinct proceeding. Any party wishing to submit comments for consideration regarding the request for NPF status for expanded authority would need to submit such comments pursuant to the separate notice that would be published for that request.

For further information, contact Diane Finver at [Diane.Finver@trade.gov](mailto:Diane.Finver@trade.gov) or (202) 482-1367.

Dated: December 22, 2011

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Andrew McGilvray  
Executive Secretary

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